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July 20, 2016

**CELA**

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**BY ELECTRONIC MAIL**

Mr. Jeff Jordan, Chief  
*jjordan@fec.gov*  
Ms. Donna Rawls, Paralegal  
*drawls@fec.gov*  
Office of General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Washington, DC 20453

**Re: Rohrabacher for Congress – RR 16L-06**

Dear Mr. Jordan and Ms. Rawls:

This is to follow up on the Commission's letter of June 16, 2016, which asked the Committee to respond to its amended filings that itemized the expenditures that were "unauthorized" and which reflected the former Treasurer, Jack Wu's, embezzlement of the Committee's funds.

The Committee initially advised the Commission staff in June 2015 that it discovered that Mr. Wu had embezzled a substantial amount of Committee funds. We believed this activity occurred primarily in 2014 and 2015, although we undertook a review of additional periods including 2013. The Committee, upon discovering the unauthorized activity, immediately confronted and fired Mr. Wu, hired a well-regarded California campaign reports specialist as treasurer, changed bank accounts, and in the process began its own effort to identify unauthorized transactions and amend campaign reports.

The Committee also filed a complaint with the Orange County District Attorney in addition to advising the Commission about the embezzlement. The Orange County District Attorney conducted a forensic audit which led earlier this year to the filing of a criminal complaint against Mr. Wu for embezzlement.

From the inception of the Committee's initial disclosure to the FEC, we were helpfully assisted by Nataliya Ioffe, Chief of the FEC's Authorized Reports Analysis Division.

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After filing preliminary amendments in 2015, the Committee awaited further information from the Orange County District Attorney's forensic audit. Based on the results, the Committee further amended its reports in June 2016. The items listed in your June 16, 2016 letter reflected the fruits of that effort.

The Committee was totally unaware of Mr. Wu's embezzlement activity until a new fundraising vendor's attempts to coordinate with the Committee's bank, Bank of America, in 2015 revealed that the Committee's account balance was \$87. This revelation led to an investigation confirming that the account had been depleted, and then to a confrontation with Mr. Wu, who admitted his misconduct. Mr. Wu had been a friend of Congressman and Mrs. Rohrabacher, and they were shocked and totally dismayed at his lawless acts that deprived Congressman Rohrabacher and his many supporters and contributors of their campaign funds as well as this personal disloyalty. They were not the sole victims however. Mr. Wu has been accused by the Orange County District Attorney of embezzlement from another company that he worked for, and it appears that Mr. Wu was using the Committee's embezzled funds to make restitution to that company. In reviewing the actions of Mr. Wu, Rhonda Rohrabacher recalled that Mr. Wu had attempted to forestall review by Ms. Rohrabacher of his activities in late 2014 and early 2015 and to make excuses for not providing her a current Committee account debit card that she had requested.

In addition, Mr. Wu covered his unauthorized and unlawful activities by: (1) not disclosing on the Committee's reports most of the unauthorized expenditures he took personally and made to his companies "W. Jane Company" and "Wubell" on the campaign reports he filed for the committee; and (2) cashing most of the checks that were disclosed as paid to the "U.S. Treasury." Together, according to the Orange County District Attorney, Mr. Wu embezzled a total of \$238,347.15 from the Committee.

Since the discovery of the unauthorized withdrawals, the Committee has engaged a well-respected campaign treasurer, Jen Slater, of the Campaign Compliance Group. In addition, the Committee's principals have implemented review of the Committee's reports in accordance with the Commission's recommendations of methods to prevent unauthorized withdrawals of committee funds. An important part of these FEC guidelines is that more than one person reviews/reconciles the bank account. This is part of the Campaign Compliance Group's standard internal practices, and in addition, Slater and the Campaign Compliance Group send Rhonda Rohrabacher regular account updates that include NetFile® and the bank account print outs to enable the Committee to conduct a regular review of the Committee's bank statements and bank accounts so that the Committee now regularly reviews Committee deposits, withdrawals and bank balances.

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The Committee, the public, the Congressman's supporters and contributors are the victims here. The Committee has lost over \$230,000 in funds raised in good faith from contributors who fully intended those funds to support Congressman Rohrabacher's elections. It is unlikely that Mr. Wu will ever make full restitution of such stolen funds. He has made none to date. The Committee has had to incur additional legal and accounting costs to deal with this issue.

We ask the Commission to accept this response and representations and conclude its inquiry in the matter.

We look forward to responding further to any questions or concerns.

Very truly yours,



Charles H. Bell, Jr.  
Designated Counsel